

House File 604 - Reprinted

HOUSE FILE 604

BY COMMITTEE ON WAYS AND MEANS

(SUCCESSOR TO HSB 170)

(As Amended and Passed by the House April 10, 2017)

A BILL FOR

1 An Act relating to motor vehicle insurance, including the
2 establishment of a motor vehicle insurance verification
3 program, establishing fees, and including penalty and
4 effective date provisions.
5 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

1 Section 1. Section 321.11, subsection 3, Code 2017, is
2 amended to read as follows:

3 3. Notwithstanding other provisions of **this section** to the
4 contrary, the department shall not release personal information
5 to a person, other than to an officer or employee of a law
6 enforcement agency, an employee of a federal or state agency
7 or political subdivision in the performance of the employee's
8 official duties, a contract employee of the department of
9 inspections and appeals in the conduct of an investigation, or
10 a licensed private investigation agency or a licensed security
11 service or a licensed employee of either, if the information is
12 requested by the presentation of a registration plate number.
13 However, the department may release personal information to the
14 department's designated agent for the purposes of chapter 321B.
15 In addition, an officer or employee of a law enforcement agency
16 may release the name, address, and telephone number of a motor
17 vehicle registrant to a person requesting the information by
18 the presentation of a registration plate number if the officer
19 or employee of the law enforcement agency believes that the
20 release of the information is necessary in the performance of
21 the officer's or employee's duties.

22 Sec. 2. Section 321.20B, subsection 4, paragraph c, Code
23 2017, is amended to read as follows:

24 c. (1) An owner or driver cited for a violation of
25 subsection 1, who produces to the clerk of court prior to the
26 date of the person's court appearance as indicated on the
27 citation proof ~~that financial liability coverage was in effect~~
28 ~~for the motor vehicle at the time the person was stopped and~~
29 ~~cited~~ of either of the following, shall not be convicted of
30 such violation and the citation issued shall be dismissed by
31 the ~~court.~~ court:

32 (a) Financial liability coverage was in effect for the motor
33 vehicle at the time the person was stopped and cited.

34 (b) Financial liability coverage was purchased on or after
35 the date the citation was issued, is in effect for the motor

1 vehicle, and covers the owner or driver. This subparagraph
2 division (b) shall only apply if the violation is the owner's
3 or driver's first violation of subsection 1 occurring on or
4 after the effective date of this Act.

5 (2) Upon dismissal, the court or clerk of court shall assess
6 the costs of the action against the defendant named on the
7 citation.

8 Sec. 3. Section 321.20B, subsection 5, paragraph b, Code
9 2017, is amended to read as follows:

10 b. Issue a citation.

11 (1) An owner or driver who produces to the clerk of court
12 prior to the date of the person's court appearance as indicated
13 on the citation proof ~~that the financial liability coverage~~
14 ~~was in effect for the motor vehicle at the time the person was~~
15 ~~stopped and cited, or if the driver is not the owner of the~~
16 ~~motor vehicle, proof that liability coverage was in effect for~~
17 ~~the driver with respect to the motor vehicle being driven at~~
18 ~~the time the driver was stopped and cited in the same manner~~
19 ~~as if the motor vehicle were owned by the driver of either of~~
20 the following, shall be given a receipt indicating that proof
21 was provided, and the citation issued shall be dismissed by the
22 ~~court.~~ court:

23 (a) Financial liability coverage was in effect for the motor
24 vehicle at the time the person was stopped and cited, or if
25 the driver is not the owner of the motor vehicle, proof that
26 liability coverage was in effect for the driver with respect
27 to the motor vehicle being driven at the time the driver was
28 stopped and cited in the same manner as if the motor vehicle
29 were owned by the driver.

30 (b) Financial liability coverage was purchased on or after
31 the date the citation was issued, is in effect for the motor
32 vehicle, and covers the owner or driver. This subparagraph
33 division (b) shall only apply if the violation is the owner's
34 or driver's first violation of subsection 1 occurring on or
35 after the effective date of this Act.

1 (2) Upon dismissal, the court or clerk of court shall assess
2 the costs of the action against the defendant named on the
3 citation.

4 Sec. 4. Section 321.24, subsection 1, Code 2017, is amended
5 to read as follows:

6 1. Upon receipt of the application for title and payment of
7 the required fees for a motor vehicle, trailer, or semitrailer,
8 the county treasurer or the department shall, when satisfied
9 as to the application's genuineness and regularity, and, in
10 the case of a mobile home or manufactured home, that taxes
11 are not owing under [chapter 423](#) or [435](#), issue a certificate
12 of title and, except for a mobile home or manufactured home,
13 a registration receipt, and shall file the application, the
14 manufacturer's or importer's certificate, the certificate of
15 title, or other evidence of ownership, as prescribed by the
16 department. The registration receipt shall be delivered to the
17 owner and shall contain upon its face the date issued, the name
18 and address of the owner, the registration number assigned to
19 the vehicle, the amount of the fee paid, the type of fuel used,
20 a description of the vehicle as determined by the department,
21 and a form for notice of transfer of the vehicle. The name
22 and address of any lessee of the vehicle shall not be printed
23 on the registration receipt or certificate of title. Up to
24 three owners may be listed on the registration receipt and
25 certificate of title. The registration receipt shall contain
26 upon its face the following notice in boldface, ten point type
27 in substantially the following language:

28 FAILURE TO CARRY MOTOR VEHICLE INSURANCE MAY RESULT IN THE
29 SUSPENSION OF THIS REGISTRATION AND AFFECT YOUR ABILITY TO
30 REGISTER A MOTOR VEHICLE.

31 Sec. 5. NEW SECTION. 321.492C Use of camera or optical
32 device for insurance enforcement prohibited.

33 The state or a political subdivision of the state shall not
34 use any automated or remote system equipped with a camera or
35 other optical device to identify persons operating a motor

1 vehicle in violation of section 321.20B or chapter 321A.

2 Sec. 6. NEW SECTION. 321B.1 Short title.

3 This chapter shall be known and may be cited as the "*Motor*
4 *Vehicle Insurance Verification Act*".

5 Sec. 7. NEW SECTION. 321B.2 Definitions.

6 As used in this chapter, unless the context otherwise
7 requires:

8 1. "*Advisory council*" means the group established pursuant
9 to section 321B.3, subsection 2.

10 2. "*Database*" means the motor vehicle insurance verification
11 database created under this chapter.

12 3. "*Department*" means the department of transportation.

13 4. "*Designated agent*" means the third party with which the
14 department contracts under section 321B.3.

15 5. "*Financial institution*" means financial institution as
16 defined in 18 U.S.C. §20.

17 6. "*Motor vehicle*" means motor vehicle as defined in section
18 321.1.

19 7. "*Program*" means the motor vehicle insurance verification
20 program created under this chapter.

21 8. "*Real-time internet services model*" means an electronic
22 service established by insurers through the internet, the
23 world wide web, or a similar proprietary or common carrier
24 electronic system that complies with the specifications and
25 standards of the insurance industry committee on motor vehicle
26 administration and that is available twenty-four hours per
27 day, seven days per week, subject to reasonable allowances for
28 scheduled maintenance or temporary system failures.

29 Sec. 8. NEW SECTION. 321B.3 Motor vehicle insurance
30 verification program — advisory council.

31 1. A motor vehicle insurance verification program is
32 created within the department to be administered by the
33 department. The purposes of the program include all of the
34 following:

35 a. To establish a motor vehicle insurance verification

1 database to verify compliance with the requirements of section
2 321.20B.

3 *b.* To assist in reducing the number of uninsured motor
4 vehicles on the highways of the state.

5 *c.* To assist in increasing compliance with motor vehicle
6 registration requirements and for other law enforcement
7 purposes.

8 *d.* To assist in protecting the bona fide security interests
9 of financial institutions in motor vehicles.

10 2. *a.* The department shall establish an advisory council,
11 chaired by the director of the department or a representative
12 of the department appointed by the director, consisting of
13 six members including the director of the department or the
14 representative of the department appointed by the director,
15 a representative of the department of public safety, an
16 insurance company representative appointed by the commissioner
17 of insurance, an insurance agent appointed by the commissioner
18 of insurance, a representative of a trade association of
19 property and casualty insurers appointed by the commissioner
20 of insurance, and a representative of a vendor with experience
21 implementing real-time internet services models and databases
22 similar to the database created under this chapter appointed by
23 the director of the department.

24 *b.* The advisory council shall do all of the following:

25 (1) Make recommendations to the department on the best
26 methods and practices for implementing a real-time internet
27 services model for insurance verification.

28 (2) Assist in the development of a guide for insurers
29 detailing the data fields and other information necessary for
30 compliance with this chapter.

31 (3) Provide an annual report to the department detailing the
32 improvements and implementation efforts relating to insurance
33 verification in other states for consideration in improving
34 compliance and operations in this state.

35 3. Following the competitive bidding procedures as provided

1 in chapter 8A, subchapter III, the department shall contract
2 with a third party to act as the department's designated agent
3 for administration of this chapter. For the period of the
4 contract, the designated agent shall establish and maintain a
5 computer database containing the following information:

6 *a.* Information provided by insurers under section 321B.5.

7 *b.* Information provided by the department under subsection
8 6.

9 *c.* Information obtained using a real-time internet services
10 model.

11 *d.* Any other information provided by the department pursuant
12 to this chapter.

13 4. The database shall be developed and maintained, and
14 access to a real-time internet services model shall be
15 provided, in accordance with guidelines established by the
16 department by rule to allow authorized state and local law
17 enforcement agencies and financial institutions to efficiently
18 access the records of the database and real-time internet
19 services model, including reports useful for the implementation
20 of this chapter, twenty-four hours per day, seven days
21 per week, subject to reasonable allowances for scheduled
22 maintenance or temporary system failures.

23 *a.* Database reports shall be in a form and contain
24 information approved by the department.

25 *b.* Database reports may be made available through the
26 department's internet site or through other electronic media
27 if the department determines that sufficient security is
28 provided to ensure compliance with the provisions of this
29 chapter regarding limitations on disclosure of information in
30 the database.

31 *c.* The department shall consult with the chief information
32 officer appointed under section 8B.2 for the purpose of
33 developing network security requirements for the database.

34 5. At least twice monthly, the designated agent shall do the
35 following, using information provided by the department:

1 *a.* Update the database with motor vehicle insurance
2 information provided by insurers in accordance with section
3 321B.5.

4 *b.* Compare all current motor vehicle registrations against
5 the database. If records in the database indicate that a
6 registered motor vehicle is not covered under an owner's
7 policy of liability insurance, the designated agent shall
8 use a real-time internet services model to determine if the
9 registered motor vehicle is covered under an owner's policy of
10 liability insurance.

11 6. On or before the seventh day of each calendar month, the
12 department shall provide the designated agent with the make,
13 model, year, and vehicle identification number of each vehicle
14 in the department's motor vehicle database, and the name and
15 address of each person listed on each vehicle's registration.

16 7. The department shall adopt rules in accordance with
17 chapter 17A establishing procedures for the use of the
18 department's motor vehicle database for the purposes of
19 administering and enforcing this chapter.

20 8. *a.* The designated agent shall archive database files at
21 least semiannually for auditing purposes.

22 *b.* The department shall audit the program at least annually.
23 The audit shall include verification of:

24 (1) Billings made by the designated agent.

25 (2) The accuracy of the designated agent's matching of
26 vehicle registration records with insurance data.

27 Sec. 9. NEW SECTION. 321B.4 **Enforcement of financial**
28 **responsibility requirements — penalty.**

29 1. If records in the database and the real-time internet
30 services model used by the designated agent indicate that a
31 registered motor vehicle is not covered under an owner's policy
32 of liability insurance for three consecutive months, at the
33 direction of the department the designated agent shall provide
34 notice by first-class mail to the owner of the motor vehicle
35 that the owner has fifteen days from the date the notice was

1 mailed to provide one of the following:

2 *a.* Proof of financial liability coverage as defined in
3 section 321.1, subsection 24B.

4 *b.* Proof that the owner is exempt from the requirement to
5 maintain proof of financial liability coverage under section
6 321.20B.

7 2. If, after fifteen days, the owner of the motor vehicle
8 fails to provide satisfactory proof of financial liability
9 coverage, the designated agent shall provide a second notice
10 by first-class mail to the owner of the motor vehicle allowing
11 the owner an additional fifteen days from the date the second
12 notice was mailed to provide the information requested under
13 subsection 1.

14 3. *a.* The designated agent shall update the database
15 regarding each notice sent to a motor vehicle owner under
16 subsections 1 and 2, indicating the information provided by the
17 motor vehicle owner or the owner's failure to provide proof of
18 financial liability coverage, as applicable.

19 *b.* If the owner of a motor vehicle provides proof to the
20 department or the designated agent that the owner's motor
21 vehicle is covered by an acceptable form of financial liability
22 coverage described in section 321.1, subsection 24B, paragraph
23 "b", "c", or "d", the information shall be recorded in the
24 database.

25 *c.* If the designated agent determines the motor vehicle
26 is appropriately insured using a real-time internet services
27 model, the information shall be recorded in the database.

28 4. *a.* If the owner of a motor vehicle fails to provide
29 proof of financial liability coverage following receipt of the
30 second notice under subsection 2, the designated agent shall
31 notify the department, and the department shall suspend the
32 registration of the motor vehicle.

33 *b.* The department shall provide to the owner of the motor
34 vehicle appropriate notice of the suspension, order the owner
35 to surrender the registration plates and registration receipt

1 for the vehicle to the county treasurer, advise the owner of
2 the legal consequences of operating a vehicle with a suspended
3 registration and without financial liability coverage, and
4 instruct the owner on how to reinstate the vehicle registration
5 once the owner has obtained financial liability coverage for
6 the vehicle.

7 5. a. A person shall not provide a false or fraudulent
8 statement to the department or the department's designated
9 agent in regard to proceedings under this chapter.

10 b. In addition to any other penalties, a person who violates
11 paragraph "a" is guilty of a simple misdemeanor.

12 6. A suspension of registration under this chapter is in
13 addition to any other penalty imposed by law. This chapter
14 does not affect other actions or penalties that may be taken or
15 imposed for a violation of section 321.20B or other law.

16 7. a. A registration that has been suspended under this
17 section shall not be reinstated and a registration shall not be
18 issued to the holder of the suspended registration until the
19 person does all of the following:

20 (1) Pays to the department an administrative reinstatement
21 fee of one hundred dollars, in addition to any other penalty
22 imposed by law.

23 (2) Complies with the requirements of section 321.20B and
24 this chapter.

25 b. Reinstatement fees collected under this subsection shall
26 be retained by the department as repayment receipts as defined
27 in section 8.2 and shall be used exclusively to offset the
28 costs of administering the program, including payments made by
29 the department to the department's designated agent.

30 Sec. 10. NEW SECTION. 321B.5 Motor vehicle insurance
31 reporting — penalty.

32 1. a. Except as provided in paragraph "b", each insurer
33 that issues a policy to a motor vehicle owner in this state
34 that includes motor vehicle liability coverage, uninsured
35 motorist coverage, underinsured motorist coverage, or

1 personal injury coverage shall, on or before the seventh
2 and twenty-first days of each calendar month, submit to the
3 department's designated agent a record of each motor vehicle
4 insurance policy that was issued by the insurer and in effect
5 for a vehicle registered or garaged in this state as of the
6 date of the previous submission.

7 *b.* An insurer is not required to provide a record of a motor
8 vehicle insurance policy under paragraph "a" if the policy
9 covers a vehicle that is registered under chapter 326.

10 *c.* This subsection does not preclude more frequent
11 reporting.

12 2. A record provided by an insurer under subsection 1,
13 paragraph "a", shall include all of the following:

14 *a.* The name, date of birth, and driver's license number, if
15 the insured provides a driver's license number to the insurer,
16 of each insured owner or operator, and the address of the named
17 insured.

18 *b.* The make, year, and vehicle identification number of each
19 insured vehicle.

20 *c.* The policy number and effective date of each policy.

21 3. An insurer shall provide the information required under
22 this section via electronic means or via another means the
23 designated agent agrees to accept.

24 4. *a.* The department may assess a civil penalty of not more
25 than two hundred fifty dollars for each day an insurer fails to
26 comply with this section.

27 *b.* If an insurer shows that the failure to comply with this
28 section was inadvertent, accidental, or the result of excusable
29 neglect, the department may waive the civil penalty.

30 *c.* An insurer that discloses records to the department's
31 designated agent in a reasonable, good-faith effort to comply
32 with the requirements of this section shall not be subject to a
33 civil penalty under paragraph "a".

34 Sec. 11. NEW SECTION. 321B.6 Disclosure of database
35 information — penalty.

1 1. Information provided to the designated agent and
2 information contained in the database under this chapter are
3 confidential and subject to the provisions and penalties of 18
4 U.S.C. §2721. Such information may not be disclosed, except
5 as follows:

6 a. For the purpose of investigating, litigating, or
7 enforcing the financial liability coverage requirements
8 of section 321.20B, the designated agent shall provide an
9 electronic record to a state or local government agency or
10 court verifying motor vehicle financial liability coverage
11 information.

12 b. For the purpose of investigating, litigating, or
13 enforcing the financial liability coverage requirements of
14 section 321.20B, the designated agent shall, upon request,
15 issue to any state or local government agency or court a
16 certificate documenting motor vehicle financial liability
17 coverage, according to the database, of a specific individual
18 or motor vehicle for the time period designated by the
19 government agency or court.

20 c. Upon request, the department or its designated agent
21 shall disclose whether an individual is covered under a motor
22 vehicle insurance policy, proof of the insurance coverage
23 policy, and the insurance company name to:

24 (1) The individual or, if the individual is deceased,
25 any person who is an interested party in the estate of the
26 individual as provided under chapter 633.

27 (2) The parent or legal guardian of the individual if the
28 individual is an unemancipated minor.

29 (3) The legal guardian of the individual if the individual
30 is legally incapacitated.

31 (4) A person who has power of attorney for the individual.

32 (5) A person who submits a notarized release from the
33 individual dated no more than ninety days before the date the
34 request is made.

35 (6) A person suffering loss or injury in a motor vehicle

1 accident in which the individual was involved, but only as part
2 of an accident report as authorized in section 321.271 relating
3 to access to accident reports.

4 *d.* For the purpose of investigating, enforcing, or
5 prosecuting laws or issuing citations, information related to a
6 motor vehicle owner or operator's financial liability coverage
7 under section 321.20B may be provided to state or local law
8 enforcement agencies.

9 *e.* Upon request of a peace officer acting in an official
10 capacity under the provisions of paragraph "*d*", the department
11 or the designated agent shall, upon request, disclose relevant
12 information contained in the database.

13 *f.* For the purpose of the state auditor conducting audits
14 of the program.

15 *g.* Upon request of a financial institution for the purpose
16 of protecting the financial institution's bona fide security
17 interest in a motor vehicle.

18 2. *a.* The department may allow the designated agent to
19 prepare and deliver, upon request, a report on the insurance
20 information of a person or motor vehicle in accordance with
21 this section. The report may be in the form of:

22 (1) A certified copy that is considered admissible in any
23 court proceeding in the same manner as the original.

24 (2) Information accessible through the internet or through
25 another electronic medium if the department determines that
26 sufficient security is provided to ensure compliance with this
27 section.

28 *b.* The department may allow the designated agent to charge a
29 fee established by the department for each of the following:

30 (1) Authenticating a document, including preparation and
31 delivery of a certified copy.

32 (2) Accessing a record through the internet or through
33 another electronic medium.

34 (3) Providing a record to a financial institution under
35 subsection 1, paragraph "*g*".

1 3. The designated agent or any other person who knowingly
2 releases or discloses information from the database for a
3 purpose other than those authorized in this section or to a
4 person who is not entitled to such information is guilty of a
5 class "D" felony.

6 4. Neither the state nor the department's designated agent
7 shall be liable to any person for gathering, managing, or
8 using the information in the database in compliance with this
9 chapter.

10 5. The designated agent shall be responsible for
11 maintaining and securing the information in the database
12 provided by the department and insurers under sections 321B.3
13 and 321B.5.

14 6. An insurer acting in compliance with this chapter shall
15 not be liable to any person for the disclosure of information
16 supplied to the department or designated agent. The designated
17 agent shall indemnify an insurer against any loss arising from
18 the disclosure of information supplied to the department or
19 designated agent, provided the insurer supplied the information
20 to the department or designated agent in a manner that complies
21 with this chapter and rules adopted pursuant to this chapter.
22 Records provided by an insurer under this chapter shall be
23 deemed evidence of insurance and not a guarantee of insurance.

24 Sec. 12. EFFECTIVE DATE. This Act takes effect July 1,
25 2019.